



Automated Underreporter and Correspondence Exam Audits

Campus Compliance Services

Campus Reporting Compliance Programs

- IRS Campus reporting compliance programs
 - Correspondence Examination
 - AUR - Automated Underreporter
- Similarities and differences between Exam and AUR



Exam and AUR Similarities

- Notice Progression
- Timely Written Response
 - Include Response Page
 - Explain each issue in detail
 - Attach supporting documents
 - Provide contact number
 - Use envelope provided
 - If you agree sign the notice and submit payment



Campus Examination Inventory Selection

Returns with potentially questionable deductions, expenses or credits

- Use data to identify returns with high potential for a tax adjustment
 - Third party information
 - Potentially inconsistent line items on the tax return
- Referrals from Criminal Investigation and preparer /promoter actions



Campus Examination Audit Issues

- Earned Income Credit (EIC)
- Certain Non-filing Conditions
- Schedule A Issues
 - Employee Business Expenses (EBE)
 - Charitable Contributions



Common Examination Letters and Notices

- CP 75 and CP 75A for EITC and dependency issues
- Letter 566(SC/CG) – For most non-EITC issues - no report
- Letter 566-B(SC/CG) Non-EITC issues
Includes examination report, Form 4549



Campus Exam Practitioner Concerns

- Suspense guidance strengthened
- Acknowledgement letter
- Requests for additional time to respond
- Additional outreach with practitioner groups



Automated Underreporter

- Third parties (employers, banks, brokers) submit information returns to IRS
- IRS matches amounts reported on tax returns with the information returns
- This computer matching begins *after* original return due date and is not a real time process



AUR

Helpful Hints

- Do not group or net amounts
- Explain incorrect payer data
- Report income on the correct line
- Include all back-up schedules



AUR Initiatives

- Priority Practitioner Service
- E-Fax
- Program Expansion
- Notice Clarity



Compliance Programs

- Key Points
 - Respond to our notice
 - Work with us to resolve the issues
- Significant Compliance Programs
 - Over 6 million notices issued
 - Over \$13 billion in dollars assessed



More information on IRS.gov

- Small Business Tax Workshop DVD
- Small Business Resource Guide CD-ROM
- e-News for Tax Professionals
- e-News for Small Businesses
- IRS Phone Forums
- Video and Audio Presentations
- IRS Tax Calendar

